

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1656 – SB 2074

March 8, 2016

SUMMARY OF ORIGINAL BILL: Requires the Bureau of TennCare, prior to making any reduced supplement transitional payments on a pro rata basis from the nursing home assessment trust fund, to notify the chair of the Health and Welfare Committee of the Senate and the chair of the Health Committee of the House of Representatives.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (013056): Deletes all language of the original bill. Extends the annual nursing home assessment for an additional year, through June 30, 2017. Requires each nursing home to pay the nursing assessment in quarterly installments. Revises the supplemental transition nursing home cost reimbursement rate to 30 percent for the quality measures program per consultation. Authorizes any licensed nursing home to contract with any and all managed care organizations, or the Bureau of TennCare, or both for the provision of Medicaid nursing facility services as long as the home is exercising its taxable privilege to engage in providing nursing home care, is certified to participate in Medicaid by the Bureau, and makes the required assessment installment payments or has an established payment plan and is not delinquent on that plan.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Revenue - \$121,035,200/FY16-17/

Nursing Home Assessment Trust Fund

Increase State Expenditures - \$121,035,200/FY16-17/

Nursing Home Assessment Trust Fund

Increase Federal Expenditures - \$224,611,700/FY16-17/

Nursing Home Assessment Trust Fund

The Governor's FY16-17 proposed budget includes revenue recognition in the amount of \$107,100,000 and expenditures in the amount of \$305,860,500 in both state and federal funds as a result of the continuation of the nursing home assessment fee.

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Assumptions for the bill as amended:

- According to the Bureau of TennCare, the assessment on nursing homes will result in an increase in state revenue to the Nursing Home Assessment Trust Fund (NHATF) of \$121,035,158 in FY16-17.
- The state revenue generated will produce federal funds in the amount of \$224,611,693 at a federal match rate of 64.983 percent. These funds will be placed in the NHATF instead of the General Fund, but will continue to be spent to reimburse nursing homes.
- The total funds available to expend from the NHATF in FY16-17 are estimated to be \$345,646,851 (\$121,035,158 state + \$224,611,693 federal).
- All revenue collected by the state, including investment earnings credited to the nursing home annual assessment free payments, interest, and penalties paid by any nursing home, and all federal funds generated by federal matching funds relative to the nursing home assessment, will be used by the Bureau of TennCare for the sole purpose of providing payments to nursing homes and use of these funds for any other purpose is prohibited.
- Based on information provided by the Department of Health, the proposed amendment will have no effect on the programs or operations of the Department.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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